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IN THE

Supreme Court of the United States

OCTOBER TERM, 1973.

No. 73-496

UNARCO INDUSTRIES, INC.,
Petitioner,

vs.

RUSSELL K. SWANSON AND ROBLIN INDUSTRIES, INC.,
Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT.

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Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT.

Petitioner, Unarco Industries, Inc., defendant below, respectfully prays for issuance of a writ of certiorari to review the judgment and order of the Court of Appeals for the Tenth Circuit, entered May 30, 1973.

I.

OPINIONS, ORDERS AND JUDGMENT BELOW.

Opinion and order of the Tenth Circuit Court of Appeals is reported officially at 479 F. 2d 664, unofficially at 178 USPQ 17 (App. I, A1-12).

Memorandum Opinion of the District Court for the Western District of Oklahoma, dated April 17, 1972, unofficially reported at 173 USPQ 788 (App. V, A17-21).

Amended Judgment Order of the District Court, entered September 14, 1972 (App. VI, A22-23).

II.

JURISDICTION.

Sought to be reviewed is the decision and mandate of the Tenth Circuit Court of Appeals, dated and entered May 30, 1973. A timely Petition for Rehearing was denied June 20, 1973 (App. II, A13), and this Petition for Writ of Certiorari was filed within 90 days of that date. Jurisdiction to review by writ of certiorari is believed conferred by 28 U. S. C. § 1254(1) (A25-26).

III.

QUESTIONS PRESENTED.

1. *As to Certiorari Policy:* The Court of Appeals has decided an issue over which it lacked jurisdiction under Rule 3(c), Federal Rules Appellate Procedure, resulting in defendant being deprived of due process of law, and requiring supervisory action by this Court, under this Court's Rule 19 (1)(b) upon an issue fundamental to uniform Appellate Procedure.

On the Merits: The Trial Court below suggested invalidity of Patent I based upon the trial record but refrained from making findings or ruling on patent invalidity because of its conclusion of no infringement. Where plaintiffs then sought review of only the no infringement holding, did the Court of Appeals lack jurisdiction, under Appellate Procedure Rule 3(c), to decide the issue of patent validity that was not on appeal, and does a *de novo* ruling of patent validity by the Court of Appeals, without defendant having been accorded a fair opportunity to present its position, not only deprive defendant of due process of law but also constitute such a departure from the accepted and

usual course of judicial proceedings as to call for issuance of a writ of Certiorari to permit this Court to exercise its power of supervision under Rule 19(1)(b) of the Rules of the Supreme Court to insure uniform procedure under the Federal Rules of Appellate Procedure.

2. *As to Certiorari Policy:* The Court of Appeals has decided a Federal question in a way which is in conflict with applicable decisions of this Court.

On the Merits: A question below and the substantive question here is whether this Court's uniform holdings, on the matter of estoppel as to construction of a patent claim, in *Graham* v. *John Deere Co.*, 383 U. S. 1, 33 (1966), *Schriber-Schroth Company* v. *Cleveland Trust Company*, 311 U. S. 211, 220-221 (1941) and *Exhibit Supply Company* v. *Ace Patent Corp.*, 315 U. S. 126, 136 (1942) are still the law, and if so, whether the decision of the Tenth Circuit Court of Appeals is not only in conflict therewith but has disregarded this Court's mandate for construction of a patent claim in *Graham* v. *John Deere, supra,* and whether certiorari should be granted under Rule 19(1)(b) of the Rules of the Supreme Court on that account.

IV.

CONSTITUTIONAL PROVISIONS, STATUTES, AND RULES INVOLVED.

This case involves: the patent clause of the Constitution of the United States, Article I, Section 8 (App. VIII, A25) and the due process clause of Amendment V of the Constitution of the United States (A25); Section 112 of the Patent Act of 1952, 35 U. S. C. § 112 (1965) (A25); and Rule 3(c) of the Federal Rules of Appellate Procedure (July 1, 1972) (A26).

V.

STATEMENT OF THE CASE.

A. Nature of the Patent in Suit and Defendant's Accused Devices.

United States Patent 3,053,219 (Patent I), issued September 4, 1962, discloses a simple variant of the familiar grocery store shopping cart and of the check-out counter for use therewith. The patentee of Patent I later devised additional improvements disclosed in Patent 3,517,773 (Patent II), issued June 30, 1970.

In Patent I, the cart's basket is cantilevered from the single standard of a wheeled support frame so that the basket projects laterally from the cart's standard over the top of the check-out counter in the direction from the customer's aisle toward the goods-checker's aisle. The cart's basket is supported both by securement of a side of the basket to the upright standard and by a support arm extending laterally from the standard to support the basket therebeneath.

In Patent II, the cart's cantilevered basket is supported solely from beneath the basket and the cart is arranged to move down the checker's aisle, so that the cart's basket projects laterally from the cart's standard over the top of the check-out counter in the direction from the goods-checker's aisle toward the customer's aisle.

All commercial devices made by plaintiffs embody said features disclosed in Patent II, and the basket of the commercial carts is supported solely from beneath the basket.

After defendant's employees examined in the Spring of 1968 a commercial embodiment of the system and cart disclosed in Patent II, defendant proceeded to design, make and sell two cantilevered carts wherein the baskets were supported solely from beneath the basket. Defendant's said two carts are those involved in this case.

B. Relevant Proceedings Below, and Relevant Portions of the Opinions Below.

1. In their original Complaint filed October 27, 1970, and later in Amended Complaint filed January 25, 1972, Respondents charged Petitioner with infringement, contributory infringement, and/or inducement of infringement of various claims of the two U. S. Patents, Nos. 3,053,219 (Patent I) and 3,517,773 (Patent II) (A17-18).

2. Petitioner's Amended Answer, filed January 28, 1972, denied the charges in the Complaint and affirmatively pleaded defenses of patent invalidity, non-infringement, laches, and patent misuse (A18).

3. Trial was held February 1-4, 1972. The Trial Court filed its Memorandum Opinion on April 17, 1972 (App. V, A17-21), in which the various defenses of the defendant were noted (A. 18), but in which the Trial Court ruled only on the defense of non-infringement in defendant's favor (A21), observing in a Footnote 4 that as to Patent I a ". . . broad interpretation of the claims would render the same invalid in view of applicable prior art patents" (A20).

4. The Trial Court's Opinion of no infringement was specifically predicated on established legal principles of claim construction pertinent in patent cases, as enunciated by this Court in *Graham* v. *John Deere Co.*, 383 U. S. 1, 33:

> ". . . (1) the invention of a patent is measured by the claims, (2) an invention is construed not only in the light of the claims but also with reference to the file wrapper or prosecution history in the Patent Office, (3) patent claims as allowed must be read and interpreted with reference to rejected ones and to the state of the prior art, (4) claims that have been narrowed in order to obtain the issuance of a patent by distinguishing the prior art cannot be sustained to cover that which was previously by limitation eliminated from the patent" (A19).

5. The application that matured into Patent I originally presented eleven claims. Original application claims 1-3 were broadly worded so as to cover all cantilevered carts regardless of how the cart's basket was supported. Original application claim 5 specifically covered a cantilevered cart where the cart's basket was supported therebeneath. Application claims 1-3 and 5 were rejected by the Patent Office in view of the state of the prior art. In response to the second rejection over prior art, application claims 1-3 and 5 were cancelled and abandoned (A19, par. 2), and did not issue as part of the patent. In support of claims that did issue as part of Patent I, the patentee emphasized the feature "said standard being attached to one side of the basket adjacent one corner of the latter" (A19-20).

6. The Trial Court, proceeding in accord with the legal principles of *Graham, supra*, as if a mandate, and construing the claimed invention of Patent I with reference to the file wrapper (A20, par. 1), read the allowed patent claims with reference to rejected ones and to the state of the prior art (A19-20). The Trial Court concluded that the allowed claims of Patent I had been narrowed to distinguish them from the prior art, in order to obtain issuance of the patent. The Trial Court, accordingly, construed the invention of Patent I:

> ". . . Thus, plaintiffs' Patent I covers a shopping cart in which the upright standard is attached to one side of the basket adjacent to one corner thereof. In arguments to the Patent Office, this *one side* connection of the upright standard to the side of the basket was the sole feature relied upon to distinguish the claims from the prior art" (A20).

7. Finding that defendant's accused carts would have been covered by Plaintiffs' "rejected and abandoned claims but not by the pertinent claims of Patent I as issued" (A20), the Trial Court followed the mandate in *Graham, supra*, and concluded that the issued claims of Patent I were secured by amendment in the Patent Office and could not be sustained to cover defendant's accused devices because defendant's devices

employed a construction which was by limitation eliminated from the patent, saying (A20):

> ". . . In short, Plaintiffs' Patent I covers a shopping cart where the basket is attached at its side to an upright standard. The patent does not cover a shopping cart with a basket which is attached from beneath rather than from the side. The baskets of Defendant's shopping carts are not attached to the side of an upright standard but the same are attached and supported from beneath the basket."

8. Having held in defendant's favor on the infringement issue, the Trial Court stated: "It is unnecessary to treat with the other defenses raised by defendant" (A21). The only issue finally disposed of in the Amended Judgment Order (App. VI, A22-23) is the holding:

> "2. There has been no direct infringement, contributory infringement, or active inducement of infringement of either Patents 3,052,319 or 3,517,773 by Defendant." (A23.)

9. Respondents did not appeal the Trial Court's Judgment Order respecting Patent 3,517,773 (Patent II). The Notice of Appeal filed June 19, 1972 (App. VII, A24) appeals ". . . from that portion of the judgment order entered in this action on May 22, 1972 holding that there has been no direct or contributory infringement of Patent 3,052,319 by defendant." Plaintiffs' main Brief to the Court of Appeals states: "The validity of said patent (Patent I) is not in issue on this appeal, such matter not having been expressly ruled upon by the District Court" (p. 1, par. 1), and ". . . the Notice of Appeal seeks only a review of the holding that there has been no direct or contributory infringement of Patent 3,053,219 (Patent I) . . ." (p. 5, par. 3).

10. In its Opinion on appeal the Tenth Circuit Court of Appeals reported that: "In upholding the validity of '319, the trial court found that it had met the separate tests of patentability, i.e. utility, novelty and nonobviousness" (A10). The Court of Appeals went on to hold: ". . . '319 was not only a valid patent, it was also a pioneer or primary patent, and as such, it must be given a broad and liberal construction . . ." (A10).

11. In reversing the judgment, the Court of Appeals ruled: (a) that the trial court's determination of the amendment to the application was an error (A10, pars. 2-3); (b) that the holding that Patent I covers the side attachment of the standard to the basket was "clearly erroneous" (A10, par. 4); and (c) that the accused carts infringed on the basis of equivalents (A12), assuming Patent I to be entitled to a broad and liberal construction (A10, par. 1).

VI.

REASONS FOR GRANTING THE WRIT.

A. As to Question 1.

The trial judge, who heard the oral evidence and had the sole opportunity to judge "the credibility of the witnesses", declined to enter findings respecting, or rule upon, the validity of Patent I, but suggested in his Memorandum Opinion, at Footnote 4 (A20), that a broad interpretation of the claims of Patent I would render the patent "invalid in view of applicable prior art patents."

The Court of Appeals reported that the trial judge had upheld validity of Patent I, with findings on the separate patentability tests of utility, novelty and non-obviousness (A10, par. 1). The Court of Appeals went on to hold, *de novo*, that Patent I was "a pioneer or primary patent" (A10, par. 1).

The Notice of Appeal that vested jurisdiction in the Court of Appeals was "from that portion of the judgment order . . . holding that there has been no direct or contributory infringement of Patent No. 3,052,319 by defendant." (A24)

Aside from the fact that the Court of Appeals has totally misstated the trial judge's views respecting validity of Patent I, the issues raised here by Petitioner are: (1) whether the Court of Appeals had jurisdiction to make findings or rulings on the validity of Patent I, and (2) whether Petitioner was deprived

of its Constitutional right to due process of law, by the Court of Appeals' disposition of the issue of validity of Patent I without notice or according Petitioner a fair opportunity to be heard on that issue.

Rule 3(c) of the Federal Rules of Appellate Procedure requires the notice of appeal to designate the "judgment, order or part thereof appealed from" (A26).

A court of appeals has no original jurisdiction. "It is the notice of appeal which gives the court of appeals jurisdiction." *Donovan* v. *Esso Shipping Co.*, 259 F. 2d 65, 68 (3 Cir. 1958).

Rule 3(c) of the Federal Rules of Appellate Procedure, as well as its predecessor Rule 73(b), Federal Rules of Civil Procedure, is jurisdictional, so that jurisdiction of a court of appeals is limited to review of the judgment or portion thereof designated. *Scaramucci* v. *Dresser Industries, Inc.*, 427 F. 2d 1309, 1318 (10 Cir. 1970); *Donovan* v. *Esso Shipping, supra;* See also, Moore's Federal Practice, Second Edition, 1973, Vol, 9, p. 756, R. 3, ¶ 203.18, which says, in part:

> ". . . the more likely inference from the designation of particular parts in the notice of appeal is that the appellant does not desire review of parts not designated."

In the instant case, not only was the Notice of Appeal specific in seeking review of "that portion of the judgment order . . . holding that there has been no direct or contributory infringement", but the respondents' Brief to the Court of Appeals specifically excluded review of the issue of patent validity.

Therefore, the Court of Appeals had no jurisdiction on appeal to hold that Patent I was valid, as findings and rulings on that issue were expressly omitted or deferred by the trial court (A21, par. 1; A23, Par. No. "3").

Not only was jurisdiction lacking in the Court of Appeals to rule on patent validity, but the facts are that there was nothing

in the trial court's Memorandum Opinion to support the Court of Appeals' statements (A10, par. 1):

> "In upholding the validity of '319, the trial court found that it had met the separate tests of patentability, i.e., utility, novelty and non-obviousness.", and
>
> ". . . However, '319 was not only a valid patent, it was also a pioneer or prim' -y patent . . ."

Each of these statements sprang from a *de novo* consideration and determination by the Court of Appeals. It is shocking to one's fundamental sense of justice that a Court of Appeals purports to report findings by a trial court that the trial court never made and never intended to make.

With jurisdiction lacking, and with respondents' Brief stating that patent validity was "not in issue on this appeal", obviously petitioner was never accorded a proper opportunity to be heard.

It is fundamental to "due process" that a litigant be accorded a full and fair opportunity to be heard. But with petitioner deprived of that opportunity, the holding of patent validity by the Court of Appeals below not only violates petitioner's Constitutional right under the Fifth Amendment but also constitutes such a departure from the accepted and usual course of judicial proceedings as to call for this Court's exercise of its power of supervision under Rule 19(1)(b).

B. As to Question 2.

The trial court having adjudged no infringement by petitioner-defendant of Patent II, which disclosed respondents' commercial embodiment that had directly stimulated petitioner's design of its two accused carts, and respondents having concurred in that judgment by filing no appeal as to Patent II, the issue on appeal was whether any claim of earlier Patent I was of such broad scope as to be capable of reading on either of petitioner's accused carts.

The Constitutional clause respecting patents, Art. I, § 8, Cl. 8 (A25) is both a grant of power and a limitation. *Graham* v. *John Deere Co.*, 383 U. S. 1, 5-6. To implement the limitation, patent claims are required by Statute, 35 U. S. C. § 112, to be a part of the patent for "particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention". (A25)

In construing patent claims that have been issued, this Court has consistently proclaimed, both under the 1952 Patent Act and under predecessor statutes, that:

> "Claims as allowed must be read and interpreted with reference to the rejected ones and to the state of the prior art; and claims that have been narrowed in order to obtain the issuance of a patent by distinguishing the prior art cannot be sustained to cover that which was previously by limitation eliminated from the patent."[1]

In this case, application claims 1-3 and 5 were rejected twice in view of prior art by the Patent Office, and then applicant cancelled and abandoned those claims. These rejected and abandoned application claims are significant as petitioner-defendant conceded at trial that if these claims had been allowed they would have read on defendant's two accused carts.

The trial court found (A19-20) that claims obtained in Patent I included the significant recitation:

> ". . . said standard being attached to one side of the basket adjacent one corner of the latter, the remaining sides of said basket being free of and spaced from . . . said standard."

This significant recitation was absent *in toto* from the rejected and abandoned application claims 1-3 and 5. Defendant's non-infringement defense was that the foregoing recitation, quoted

1. Graham v. John Deere Co., 383 U. S. 1, 33 (1966); Schriber-Schroth Co. v. Clevelant Trust Co., 311 U. S. 211, 220-221 (1941); Exhibit Supply Co. v. Ace Patents Corp., 315 U. S. 126, 136 (1942).

by the trial court, operated to narrow the issued claims relative to the rejected ones, so that the issued claims did not read on the accused carts. Thus, the relevant inquiry below simply required the trial court to construe the meaning and scope of the foregoing recitation and to determine if it read on defendant's accused carts.

In resolving the issue thus posed, the trial court adopted the legal principles stated in *Graham* v. *Deere, supra,* as its guidelines (A19); and after considering the argument to the Patent Office appearing in the file wrapper that was relied upon to distinguish the claims from the prior art (A20), and after considering the prior art (A20, Fn. 4), and evaluating the oral testimony of witnesses appearing in court, the trial judge construed the invention and determined the infringement issue as follows:

> "In short, Plaintiffs' Patent I covers a shopping cart where the basket is attached at its side to an upright standard. The patent does not cover a shopping cart with a basket which is attached from beneath rather than from the side. The baskets of Defendant's shopping carts are not attached to the side of an upright standard but the same are attached and supported from beneath the basket." (A20.)

In reversing the trial court's judgment, the Court of Appeals:

(a) made no reference to the rules enunciated by this Court in *Graham* v. *Deere, supra;*

(b) ignored the incontrovertible fact that *all* of the significant recitation quoted and relied upon by the trial court *was* absent from each of the application claims 1-3 and 5 that the patentee had cancelled and abandoned;[2]

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2. The trial court's finding as to the "amendment" to the application for Patent I reads (A19-20):

> "said standard being attached to one side of the basket adjacent one corner of the latter, the remaining sides of said basket being free of and spaced from . . . said standard".

Footnote Continued on Next Page.

(c) ruled that the trial court's holding, that Patent I was obtained by amending to provide for side attachment between standard and basket, was clearly erroneous (A10, par. 2), although conceding that "the side attachment was used to distinguish Swanson's cart from some of the prior art" (A11, par. 1), and "the file wrapper does indicate that the standard's attachment to the side of the basket was noted in distinguishing the cart from some of the prior art (A11, par. 3);

(d) averred, in a *de novo* holding, that "The prior art was distinguished by reason of '319's utilization of a single standard" (A11, par. 1), despite the fact that although each of application claims 1-3 and 5, as amended, *did* specify utilization of "a single standard", nevertheless each of those claims was rejected by the Patent Office in view of the prior art and were cancelled and abandoned by the patentee; and

(e) relied upon the doctrine of mechanical equivalents, namely, "doing substantially the same thing in substantially the same way" (A12), to hold infringement.

It should be evident from the foregoing that in effect the Court of Appeals construed the issued claims in such a manner as to "cover that which was previously by limitation eliminated from the patent", in direct conflict with this Court's uniform holdings in *Graham, Schriber-Schroth,* and *Exhibit Supply, supra.*

Next, it is evident that where the trial court compared issued claims of Patent I with rejected, cancelled and abandoned claims such as application claims 1-3 and 5 in determining the "amendment" to the application quoted in its Opinion (A19-20), the Court of Appeals made a different comparison, namely between

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Application claim 5, reported by the Court of Appeals at A3, reads:

> "5. In a shopping cart, a basket; a mobile frame; and a standard extending upwardly from the frame and provided with a laterally-extending arm overlying the frame and supporting the basket therebeneath."

Claim 1 of Patent I and application claim 4. The Court of Appeals did not find that the quotation reported by the trial court was erroneous, but the Court of Appeals did rely upon its own view to charge error by the trial court. In this respect the Court of Appeals' finding of error is contrary to Rule 52, Fed. Rules Civ. Proc. The law is clear that under Rule 52 a choice between two permissible views of the weight of evidence is not "clearly erroneous". *United States* v. *Yellow Cab Co.*, 338 U. S. 338, 342 (1949).

Furthermore, the Court of Appeals' reliance upon the doctrine of equivalents to find infringement, by *de novo* holdings while conceding, in effect, that a file wrapper estoppel may exist—"the file wrapper does indicate that the standard's attachment to the side of the basket was noted in distinguishing the cart from some of the prior art" (A11)—, is also in direct conflict with rulings by this Court and by Courts of Appeals to the effect that "The doctrine of file wrapper estoppel, when applicable, supersedes that of equivalents."[3]

Still another reason for granting the writ prayed for arises from the general importance of the issues of "claim construction" and "estoppel" to the patent bar, and the need to secure "strict observance" by the lower courts to the manner of handling those substantive issues under the 1952 Patent Act in accord with the mandate of this Court in *Graham* v. *Deere*, *supra*.

In *Graham* v. *Deere*, two principal legal issues raised and definitively decided by this Court were (a) the manner of resolving the § 103 condition, and (b) the manner of construing a patented invention. Despite the clarity of the decision in *Graham*, this Court found it necessary, rather shortly thereafter, to re-emphasize in *Anderson's Black Rock Inc.* v. *Pavement Salvage Co., Inc.*, 396 U. S. 57, 62 (1969), that

3. Schriber-Schroth Co. v. Cleveland Trust Co., 311 U. S. 211, 220 (1940); Lewis v. Avco Mfg. Co., 228 F. 2d 919, 923 (7 Cir. 1956); Dixie Cup Co. v. Paper Container Mfg. Co., 169 F. 2d 645, 648 (7 Cir. 1948).

the procedures it had established in *Graham* for resolving the § 103 condition required "strict observance" by the courts.

Petitioner submits that the same re-emphasis is now necessary to instruct the courts and the patent bar that "strict observance" of the rules of claim construction, as set forth in *Graham*, is required and necessary in construing the scope of a patented invention under 35 U. S. C. § 112.

CONCLUSION.

For the reasons stated, this Petition for Certiorari should be granted.

Respectfully submitted,

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Appendix

APPENDIX I.

OPINION AND ORDER OF UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT, MAY 30, 1973

UNITED STATES COURT OF APPEALS

Tenth Circuit

May Term—1973

RUSSELL K. SWANSON, an Individual, and ROBLIN INDUSTRIES, INC., a corporation,
Plaintiffs-Appellants,

vs.

UNARCO INDUSTRIES, INC., a corporation,
Defendant-Appellee.

No. 72-1507

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF OKLAHOMA
(D. C. No. 70-530)

Robert D. Hovey, Kansas City, Missouri (Donald E. Johnson, Kansas City, Missouri; Robert E. Woodhams of Woodhams, Blanchard & Flynn, Kalamazoo, Michigan, and William R. Laney and Jerry J. Dunlap of Dunlap, Laney, Hessie & Dougherty, Oklahoma City, Oklahoma, of Counsel, on the brief) for Appellants.

Norman Lettvin, Chicago, Illinois (George H. Gerstman, Chicago, Illinois; Francis S. Irvine of Kerr, David, Irvine, Burbage

& Foster, Inc., Oklahoma City, Oklahoma, of Counsel, on the brief) for Appellee.

Before HILL and BARRETT, *Circuit Judges*, and SMITH*, *District Judge*.

BARRETT, *Circuit Judge*.

Russell K. Swanson and Roblin Industries, Inc. (Roblin), appeal from an adverse non-jury trial. The Court held that Swanson's U. S. Letters Patent No. 3,052,319 ('319) was not infringed either directly or contributorily by two grocery carts manufactured and distributed by appellee, Unarco Industries, Inc. (Unarco).

The action was initially brought by Swanson, as owner of the patents, and United Steel and Wire Company (United), as licensee of the patents, against Folding Carrier Corp. Thereafter Roblin succeeded United and Unarco succeeded Folding Carrier after Folding Carrier became a division of Unarco. Although the action was for infringement of U. S. Letters Patents No. 3,052,319, "Cantilever Shopping Cart and Counter Assembly", and No. 3,517,773, "Check-out System and Counter for Use with Cantilever Shopping Cart", the trial court's dismissal of the No. 3,517,773 claim has not been appealed.

A review of the file wrapper will facilitate consideration of this case.

The prosecution of '319 started with Swanson's first patent application on May 4, 1959. It stressed that "the most important object of the present invention [was] to provide a shopping cart that has a basket disposed in overhanging relationship to a primary mobile frame, to the end that the cart cooperates with a counter that is in turn provided with a lateral extension" so that the cart could pass directly over the checkout counter enabling merchandise to be removed directly from the cart onto the counter.

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*Eastern District of Michigan, sitting by designation.

Claims 4, 5 and 6 described the cart as follows:

> 4. In a shopping cart, a polygonal basket; a polygonal frame; and a standard extending upwardly from the frame adjacent one corner of the latter, said frame being attached to one side of the basket adjacent one corner of the latter.
>
> 5. In a shopping cart, a basket; a mobile frame; and a standard extending upwardly from the frame and provided with a laterally-extending arm overlying the frame and supporting the basket therebeneath.
>
> 6. In a shopping cart, a polygonal basket; a polygonal frame; a standard extending upwardly from the frame adjacent one corner of the latter, said frame being attached to one side of the basket adjacent one corner of the latter; and an arm extending laterally from the standard from the frame in supporting relationship to the basket therebeneath.

On October 14, 1959, the patent office refused to grant a patent. Claims 1-6 were rejected as failing to distinguish over references Maslow, Goldman, and Genung. Claims 7-11 were rejected as being indefinite and also "as unpatentable over Genung in view of either Alpine or Lesser."[1]

On April 1, 1960, Swanson amended his original application by causing his claims to read as "a single standard extending upwardly from the frame." Swanson stressed this clarification, noting that the construction of his invention required only a single standard to support the basket, and that the construction of each of the five reference patents required two standards.

On December 27, 1960, the patent office refused to grant a patent for a second time. Claims 1-6 were again rejected for failing to distinguish over Maslow, Goldman, and Genung, because "a single standard at one corner or side of the portable frame does not exclude the presence of additional standards at other corner or sides." Claims 1-3 and Claim 5 were rejected for failing to distinguish over Stottrup, and Claims 4 and 6 were

1. All of the prior art references noted by the examiner in refusing to allow the issuance of a patent had two standards.

rejected as unpatentable over Stottrup in view of Webber. Claims 7-11 were further rejected as unpatentable over Genung in view of Dubach.

On June 8, 1961, Swanson amended his application for a second time by cancelling his first eleven claims and submitting Claims 12-20. Claims 12-17 were rewritten from original Claim 4 and Claims 6-11, and Claims 18-20 were newly submitted so as to provide structure distinguishable from that set forth in Claims 12-17 and to distinguish from the prior art. Claims 12 and 13, as rewritten from original Claims 4 and 6, read as follows:

> 12. A shopping cart comprising a polygonal basket; a polygonal frame; and a standard extending upwardly from the frame adjacent one corner of the latter, said standard being attached to one side of the basket adjacent one corner of the latter, *the remaining sides of said basket being free of and spaced from said frame and said standard.* (Emphasis ours.)
>
> 13. A shopping cart comprising a polygonal basket; a polygonal frame; a standard extending upwardly from the frame adjacent one corner of the latter, said standard being attached to one side of the basket adjacent one corner of the latter, *the remaining sides of said basket being free of and spaced from said frame and said standard;* and an arm extending laterally from the standard above the frame in supporting relationship to the basket therebeneath, said basket and said arm being substantially cantilevered from said standard. (Emphasis ours.)[2]

Claims 12 and 13 became Claims 1 and 2 of '319. Claim 18, which became Claim 7 of '319 reads in part:

> A shopping cart for use with a counter having an elongated, laterally projecting extension thereon,—an elongated standard secured to and extending upwardly from one of the sides of said frame; and a basket secured to and extending laterally from said standard in overlying spaced relation-

2. We have underlined some of the language which appeared for the first time in Swanson's second amendment.

ship to said frame and forming with the latter and said standard a recess having an open side and opposed open ends—.

On December 11, 1961 the patent office mailed its notice of allowance to Swanson. United States Letters Patent 3,052,-319 ('319) was issued to him on September 4, 1962.

Swanson tried personally for several years to market his cart. In early 1968 he entered into an exclusive license agreement with United whereby United would manufacture and distribute a cantilevered shopping cart. Shortly thereafter, Folding Carrier approached Swanson about his cart. Swanson related that United was the exclusive licensee.

On April 8, 1968, the then top three executives of Folding Carrier made a special, one-day trip to Kansas City, Missouri, to a grocery store in order to view the cantilevered carts being manufactured by United under its exclusive license agreement with Swanson. None of the men had ever seen a cantilevered shopping cart prior to that time. The executives examined the cart for several hours. They took measurements of and made sketches of the cart. Upon returning from their trip to Kansas City, the Folding Carrier executives gave top priority to the construction of a cantilevered cart. By so doing, Folding Carrier was able to have a cart available for demonstrational purposes at a trade show in May, 1968, less than two months after its top management had seen such a cart for the first time in Kansas City. Folding Carrier sold its first cantilevered carts in July of 1968, and it has continuously sold similar carts since.

Swanson and United filed their complaint on October 27, 1970 and a non-jury trial was held on February 1-4, 1972. During the course of the trial Swanson and Roblin called witnesses, including Carl Vaicek, President of United; John Rogers, Vice-President of Rogers Markets, Inc.; Harold Vetter, past president of Folding Carrier, and George Foreman, Professor of Mechanical Engineering at the University of Kansas.

Carl Vaicek testified that although the cantilevered cart cost 40-50% more than the conventional shopping cart, that it has a number of advantages which offset the cost including: (1) the checker has complete control of the checkout; (2) the checker sees all of the food; (3) the food can be checked out quicker; (4) one store test showed that $300 of groceries could be checked out in 15 minutes from a cantilevered cart, whereas it took 50 minutes to check the same food from a conventional cart; (5) the cart serves a dual function as a carryout cart; (6) cart theft had been reduced; and (7) the carts required less maintenance. Vaicek also testified that during 1969-1971 United had sold over 80,000 carts totalling more than three and one-half million dollars in sales.

John Rogers testified that Rogers Markets, Inc. had cantilevered carts in four of its ten stores; that, in his opinion, the additional cost of the cantilevered cart was justified because of the time it saved in the checking out process; that a checkout system utilizing such carts takes up less floor space; that customers do not have to unload their carts; and that Rogers Markets, Inc. will buy more carts, because it is convinced that it is the system to use.

Harold Vetter testified that on April 8, 1968 that he, Gene Von Stein and Norman Young went to Kansas City to look at the cantilevered shopping carts after Von Stein had remarked to him that people in the sales field had been pushing him for something new in the cart field and that "the only thing he could think of was this cart up there in Kansas City."

George W. Foreman, a professor of mechanical engineering at the University of Kansas, testified as an expert for Swanson and Roblin. Foreman testified that the essence of '319 was the overhanging basket in cantilevered fashion so that the basket could overlie a counter; that the essence of the patent was embodied in Claim 1; and that each of the elements of Claims 1-5 and Claim 7, and the relationships between the elements, was embodied within Folding Carrier's carts. On cross-examination

Foreman testified that the side plate found on Folding Carrier's carts is securely attached to and is an extension of the tubular frame; that the tubular frame is attached to the side of the basket through the intermediary of the steel plate; that the claims in a broad concept describe the cantilever concept to leave an open recess or pocket; and that there are many details of construction of the attachment of means of fabrication and detail of design, but that the thrust of the claims is to provide a structure leaving the recess open.

Counsel for Unarco admitted in his opening statement that after United came out with its cart Unarco officials saw it and then decided to manufacture a competitive cart. Unarco's witnesses included Norman Young, Vice President and Director of Manufacturing and Engineering for Folding Carrier Division; Gene Von Stein, Vice President, Director of Marketing and Sales for Folding Carrier Division; and Charles Pigott, a practicing patent attorney.

Young testified that the side plates merely serve to prevent the basket from going forward from rear impact in nesting and to restrain the basket so it will not flip completely over to the rear. He also testified that the third leg on Folding Carrier's cart took the basic load of the basket and that the total stress factors are completely different between the United cart and the Folding Carrier cart.

Von Stein testified that before Folding Carrier began developing its cart that it consulted with counsel and was advised that its proposed cart did not constitute an infringement. He also stated that the last communication Folding Carrier received from United concerning infringement was on January 10, 1969. At that time United acknowledged receipt of correspondence from Folding Carrier's attorney wherein he expressed his opinion that Folding Carrier's carts did not infringe. United stated that in view of said position, it was referring the case for legal disposition.

Charles Pigott, a practicing patent attorney, appeared as a patent expert on behalf of Unarco. Pigott testified to the file wrapper of '319. He opined that the second amendment (File Wrapper pp. 21-29) was the crucial amendment which resulted in the allowance of '319, and that the basket in '319 was supported by two means, i.e., (1) the arm extending laterally from the standard underneath the basket; and (2) the standard attaching to the side of the basket, either one of which could accomplish the same purpose. He testified that Claim 5 as originally filed was most significant because it claimed a means whereby the standard would support the basket by means of an underlying arm without regard to the standard extending upwardly and attaching to the side of the basket; that if Claim 5 had remained there would have been a clear case of infringement; that the original claims were amended the first time to make it crystal clear that the applicant was relying only upon one standard; that the broad concept advanced by Swanson was a cart with a basket that would go over the checkout counter with a frame that would go under said counter; and that after the applicant had driven home this broad concept to the patent examiner, the examiner found three more references and accordingly rejected all of the original claims as amended. Pigott also testified that within the applicant's second amendment, he cancelled his original eleven claims and added nine new ones which were all allowed; that these nine claims became the claims of '319; that the remarks of the applicant in his second application were not broad concept arguments but were detailed structural arguments distinguishing the prior art references; that he had no idea as to whether the claims, if limited to certain structures, would be valid, but that if the claims were construed broadly so as to be directed to a C-shaped idea, (which he would not do), they would not be valid; and that although Folding Carrier's carts were covered by original Claim 5, they were outside of the claims of '319.

On cross-examination, Pigott said that claims are not automatically limited to the precise structure disclosed; that the Frick reference found by Unarco, but overlooked by the patent

examiner, was more relevant than the prior art, although it did have four "members that came up" and that all four corners of the Frick tray were supported; that in looking at the file wrapper one must look at it fairly, and that it must be viewed in its entirety; that the first amendments were for clarification; that when a claim has been cancelled it is not abandoned, and the new claim, so far as it is identical to the old claim is still being asserted; that the applicant had no real problem in avoiding the first five prior art references found by the patent examiner; that the biggest problem was for the applicant to distinguish the references cited later, i.e., Stottrup, Webber, and Dubach; that none of the last three references were exactly the same as '319; and that none of them constituted a wire shopping basket.

In holding that '319 had not been infringed, the trial court held inter alia that: (1) Swanson obtained patent '319 by amending his application to provide a "standard being attached to one side of the basket adjacent one corner of the latter, the remaining sides of said basket being free of and spaced from . . . said standard"; (2) '319 covers a shopping cart in which the upright standard is attached to one side of the basket; (3) the one side connection of the upright standard to the basket was the sole feature used to distinguish the prior art; and (4) the Folding Carrier carts read on the rejected claims but not on the claims of '319.

Swanson and Roblin contend on appeal that the trial court erred in not applying the correct legal standards in its construction, interpretation, and application of the '319 claims, and that it thereafter erred in finding and concluding that '319 was not infringed. We agree with the appellants.

I.

We must affirm the findings of the trial court unless they are clearly erroneous. Maloney-Crawford Tank Corporation v. Sauder Tank Company, 465 F. 2d 1356 (10th Cir. 1972); Boutell v. Volk, 449 F. 2d 673 (10th Cir. 1971).

In upholding the validity of '319, the trial court found that it had met the separate tests of patentability, i.e., utility, novelty, and non-obviousness. Eimco Corporation v. Peterson Filters and Engineering Company, 406 F. 2d 431 (10th Cir. 1968). However, '319 was not only a valid patent, it was also a pioneer or primary patent, and as such, it must be given a broad and liberal construction which should not be limited to the precise device and instrumentality shown. Black, Sivalls & Bryson, Inc. v. National Tank Company, 445 F. 2d 922 (10th Cir. 1971); McCullough Tool Company v. Well Surveys, Inc., 343 F. 2d 381 (10th Cir. 1965).

The trial court held that Swanson obtained '319 by amending his application to provide a "standard being attached to one side of the basket adjacent to one corner of the latter, the remaining sides of said basket being free of and spaced from . . . said standard." The trial court erred in this determination.

The language "standard being attached to . . . latter," was neither new nor amendatory. This language was presented in the first application in Claim 4 and it was used throughout the prosecution. While it is true that Swanson did add the language, "the remaining sides of said basket being free of and spaced from . . . said standard", this language was added for purposes of clarification only.

The trial court also held that '319 covers a cart in which the upright standard is attached to the side of the basket and that this side attachment was the sole feature used to distinguish the prior art. We hold that this finding, too, is clearly erroneous.

Although several of '319 claims relate to a shopping cart in which the upright standard is attached to one side of the basket, '319 is not limited to a cart with a basket attached at its side by an upright standard, because Claim 7 does not discuss any such attachment. Each claim within a patent grants the patentee an exclusive right. The fact that a particular claim (or claims) within a patent is invalid, without more, cannot invalidate the entire patent. Maloney-Crawford Tank Corporation v. Sauder

Tank Company, *supra*. Whereas the side attachment was used to distinguish Swanson's cart from some of the prior art, this was not the sole feature used to distinguish the prior art. The prior art was distinguished by reason of '319's utilization of a single standard. The prior art was additionally distinguished because it did not provide equivalent structure.

The Court also erred in holding that Folding Carrier's carts read on the rejected claims but not on the claims of '319. Original Claim 5 provided for a shopping cart with a "standard extending upwardly from the frame and provided with a laterally-extending arm overlying the frame and supporting the basket therebeneath." Claim 7 of '319 also provides for "an elongated standard secured to and extending upwardly from one of the sides of said frame" with a "basket secured to and extending laterally from said standard in overlying spaced relationship." Unarco's own patent expert testified that all claims must be read fairly, and in their entirety; that a cancelled claim is not abandoned if it is still asserted in the new claim; and that original Claim 5 was the most significant, because had it remained, there would be a clear case of infringement. Applying these standards to original Claim 5 and Claim 7 of '319, we hold that Folding Carrier's carts infringe upon Claim 7.

II.

Unarco argued throughout the trial and to this court that the validity of '319 was predicated on the fact that the side of its basket was attached to an upright standard. This argument is without merit. The record and file wrapper are quite clear in proof that the essence of '319 is that it gave rise to a cantilevered shopping cart of unquestionable utility, and one which was both novel and not obvious. Although the file wrapper does indicate that the standard's attachment to the side of the basket was noted in distinguishing the cart from some of the prior art, this aspect of the prosecution does not vitiate the efficacy of the patent, i.e., a cantilevered shopping cart, nor does it allow Unarco

to copy United's cart with impunity. A mere change in form does not avoid infringement. Maloney-Crawford Tank Corporation v. Sauder Tank Company, *supra.*

The law of infringement was enunciated in King-Seeley Thermos Co. v. Refrigerated Dispensers, Inc., 354 F. 2d 533 (10th Cir. 1965), by Judge Pickett for this court, wherein he opined:

> Infringement is not avoided by making a machine which differs in form but appropriates the principle and mode of operation of the patented machine by the use of the same or equivalent means. Jamco, Inc. v. Carlson, 274 F. 2d 338, supra; Jones v. Bodaness, 10 Cir., 189 F. 2d 838; Stearns-Roger Mfg. Co. v. Ruth, 10 Cir. 62 F. 2d 442; Johns-Manville Corp. v. National Tank Seal Co., 10 Cir., 49 F. 2d 142. Infringement exists if the accused device performs substantially the same function in substantially the same way and accomplishes substantially the same result as the patented device, even though they differ in name, form and shape. Graver Tank & Mfg. Co. v. Linde Air Products Co., 339 U. S. 605, 70 S. Ct. 854, 94 L. Ed. 1097, reh. denied 340 U. S. 845, 71 S. Ct. 12, 95 L. Ed. 620. If the accused machine falls clearly and definitely within the claim of a patent, infringement is made out. McCullough Tool Co. v. Well Surveys, Inc., supra. The protection of the provisions of a patent cannot be avoided by adding materials unless a wholly different result is obtained. "Colorable differences without substance do not avoid infringement." Bewal, Inc. v. Minnesota Mining and Mfg. Co., supra, 292 F. 2d 159 at 167. Cf. Reiner v. I. Leon Co., 2 Cir., 285 F. 2d 501, cert. denied 366 U. S. 929, 81 S. Ct. 1649, 6 L. Ed. 388, reh. denied 366 U. S. 978, 81 S. Ct. 1918, 6 L. Ed 2d 1268. 354 F. 2d at 540.

Applying these standards, we hold that Folding Carrier's carts were doing substantially the same thing in substantially the same way, and that they infringed upon '319.

We reverse the trial court's holding that '319 was not infringed. We remand for further proceedings determinative of Swanson and Roblin's prayer for damages and injunctive relief.

APPENDIX II

ORDER OF COURT OF APPEALS FOR THE TENTH CIRCUIT ON PETITION FOR REHEARING, JUNE 20, 1973

May Term—June 20, 1973

Before HONORABLE DELMAS C. HILL and HONORABLE JAMES E. BARRETT, *Circuit Judges*, and HONORABLE TALBOT SMITH, *Senior District Judge**

RUSSELL K. SWANSON, an Individual, and ROBLIN INDUSTRIES, INC., a corporation,
Plaintiffs-Appellants,
vs.
UNARCO INDUSTRIES, INC., a corporation,
Defendant-Appellee.

No. 72-1507

This matter comes on for consideration of the petition for rehearing filed by the appellee.

Upon consideration whereof, the petition for rehearing is denied.

* Of the Eastern District of Michigan.

APPENDIX III

ORDER OF COURT OF APPEALS FOR THE TENTH CIRCUIT ON SECOND PETITION FOR REHEARING AND FOR REHEARING IN BANC, AUGUST 8, 1973

July Term—August 8, 1973

Before HONORABLE DAVID T. LEWIS, *Chief Judge*, HONORABLE DELMAS C. HILL, HONORABLE OLIVER SETH, HONORABLE WILLIAM J. HOLLOWAY, JR., HONORABLE ROBERT H. McWILLIAMS, HONORABLE JAMES E. BARRETT and HONORABLE WILLIAM E. DOYLE, *Circuit Judges*, and HONORABLE TALBOT SMITH, *Senior District Judge*.*

RUSSELL K. SWANSON, an Individual, and ROBLIN INDUSTRIES, INC., a corporation,
Plaintiffs-Appellants,
vs.
UNARCO INDUSTRIES, INC., a corporation,
Defendant-Appellee.

No. 72-1507

This matter comes on for consideration of the second petition for rehearing and suggestion for rehearing en banc filed by the appellee.

Upon consideration whereof, the second petition for rehearing is denied by Circuit Judges Hill and Barrett and Senior District Judge Smith, to whom the case was argued and submitted.

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* Of the Eastern District of Michigan.

The second petition for rehearing having been denied by the original panel to whom the case was argued and submitted and no member of the panel nor judge in regular active service on the Court having requested that the Court be polled on rehearing en banc, Rule 35, Federal Rules of Appellate Procedure, the petition for rehearing en banc is denied. The strictures visited upon us in appellee's second petition for rehearing and rehearing en banc go beyond the bounds of zealous advocacy.

/s/ HOWARD K. PHILLIPS
Howard K. Phillips
Clerk

APPENDIX IV

ORDER OF COURT OF APPEALS FOR THE TENTH CIRCUIT FOR STAY OF MANDATE, AUGUST 23, 1973

July Term—August 23, 1973

Before HONORABLE DELMAS C. HILL and HONORABLE JAMES E. BARRETT, *Circuit Judges*, HONORABLE TALBOT SMITH, *Judge*, U. S. District Court.

RUSSELL K. SWANSON and ROBLIN INDUSTRIES, INC.,
Plaintiffs-Appellants,

vs.

UNARCO INDUSTRIES, INC.,
Defendant-Appellee.

No. 72-1507

Upon consideration of the motion of Appellee Unarco Industries, Inc. for stay of mandate pending certiorari, it is ORDERED that the mandate is stayed until September 18, 1973, and that if on or before that date there is filed with the Clerk of the Court of Appeals a notice from the Clerk of the Supreme Court of the United States that Appellee has timely filed a petition for writ of certiorari in the Supreme Court, the stay shall continue until final disposition by the Supreme Court.

/s/ HOWARD K. PHILLIPS
Howard K. Phillips
Clerk

APPENDIX V

MEMORANDUM OPINION OF THE DISTRICT COURT FOR THE WESTERN DISTRICT OF OKLAHOMA, JUDGE FRED DAUGHERTY, FILED APRIL 17, 1972

IN THE UNITED STATES DISTRICT COURT

For the Western District of Oklahoma

RUSSELL K. SWANSON and ROBLIN INDUSTRIES, INC., *Plaintiffs,*

vs.

UNARCO INDUSTRIES, INC., *Defendant.*

Case No. 70-530 Civil

MEMORANDUM OPINION

This is a civil action for patent infringement under Title 35, United States Code. Jurisdiction is present pursuant to Title 28, U. S. C. § 1338(a). Venue is proper pursuant to Title 28, U. S. C. § 1440(b).

Plaintiff Swanson was issued United States Letters Patent Number 3,052,319 (Patent I) on September 4, 1962 for an invention entitled "Cantilever Shopping Cart and Counter Assembly". On June 30, 1970, Plaintiff Swanson was issued United States Letters Patent Number 3,517,773 (Patent II) for an invention entitled "Check-Out System and Counter for Use With Cantilever Shopping Cart." The other Plaintiff is an exclusive licensee of these patents.

Plaintiffs claim that the Defendant has been directly infringing[1] Claims 1, 2 and 7 of Patent I and has been con-

1. 35 U. S. C. § 271(a).

tributorily infringing[2] claims 3 and 5 of Patent I and actively inducing others to infringe[3] Claims 3 and 5 of Patent I and all the claims of Patent II and doing so within the Western District of Oklahoma and elsewhere by making and selling two shopping carts and by contributorily infringing and actively inducing others to infringe by making and using check-out counters or systems embodying the inventions covered by said patents. The Plaintiffs seek an injunction and an accounting for damages.

In defense the Defendant asserts that both patents were illegally issued; that certain claims in said patents are invalid as being obvious over the prior art; that Defendant is not directly infringing upon the pertinent claims of Patent I in view of the limitations thereof; that Plaintiffs are estopped by virtue of file wrapper estoppel from enforcing the claims of Patent I against the Defendant by reason of statements and arguments of record during the prosecution of the application which matured in this patent; that Defendant has not contributorily infringed any of the pertinent claims of Patent I because Defendant does not manufacture or sell check-out counters; that Defendant has not actively induced infringement of any of the pertinent claims of Patent I or all of the claims of Patent II because it has no control over the manufacture or sale of check-out counters; that Plaintiffs are estopped to seek enforcement of Patent I against Defendant by reason of the doctrine of laches and that Plaintiffs are estopped under principles of equity from seeking damages from Defendant as to either patent by reason of their patent misuse and unclean hands resulting from false patent markings. Defendant requests that Plaintiffs be granted no relief and that Defendant be awarded attorneys' fees pursuant to 35 U. S. C. § 285.

The burden of proof is on the patent owner to establish infringement of the patent. *Walker On Patents, Deller's Edition,*

2. 35 U. S. C. § 271(c).

3. 35 U. S. C. § 271(b).

Vol. 3, Sec. 741. A patent shall be presumed valid. 35 U. S. C. § 282. But this presumption is rebuttable. *M. B. Skinner Company* v. *Continental Industries, Inc.*, 346 F. 2d 170, 173 (Tenth Cir. 1965). *Strong* v. *General Electric Company*, 305 F. Supp. 1084 (D. C. Ga. 1969), aff'd 434 F. 2d 1042 (Fifth Cir. 1970), cert. denied 91 S. Ct. 2209, 403 U. S. 906, 29 L. Ed. 2d 681. In *Graham* v. *John Deere Co.*, 383 U. S. 1, 15 L. Ed. 2d 545, 86 S. Ct. 684 (1966) the United States Supreme Court has clearly stated certain legal principles pertinent in patent cases, namely, (1) the invention of a patent is measured by the claims, (2) an invention is construed not only in the light of the claims but also with reference to the file wrapper or prosecution history in the Patent Office, (3) patent claims as allowed must be read and interpreted with reference to rejected ones and to the state of the prior art, (4) claims that have been narrowed in order to obtain the issuance of a patent by distinguishing the prior art cannot be sustained to cover that which was previously by limitation eliminated from the patent.

The article covered by Patent I is the familiar grocery store shopping cart. However, this shopping cart is designed on the cantilever or "C" side opening style and under certain claims of Patent I and under Patent II this shopping cart is combined with an overhanging counter so constructed that the cart may move in such manner as to place the basket thereof over the counter for unloading and the shopping cart is moved through the check-out area on the checker's side of the counter. Plaintiff Swanson originally sought in his application for Patent I to claim the cantilever or "C" type design with the basket being supported from beneath by a laterally extending arm from an upright standard. This claim (or claims) was rejected twice by the Patent Office in view of the prior art. Plaintiff Swanson then cancelled and abandoned these rejected claims and by amendment to his application he obtained Patent I with claims providing, "said standard being attached to one side

of the basket adjacent one corner of the latter, the remaining sides of said basket being free of and spaced from . . . said standard." Thus, Plaintiffs' Patent I covers a shopping cart in which the upright standard is attached to one side of the basket adjacent to one corner thereof. In arguments to the Patent Office, this *one side* connection of the upright standard to the side of the basket was the sole feature relied upon to distinguish the claims from the prior art.

The shopping carts of Defendant, however, are not so constructed. The basket is not attached at its side to the upright standard but rests on horizontal supports situated under the basket and extending laterally from the upright standard. The Defendant's shopping carts read on Plaintiffs' rejected and abandoned claims but not the pertinent claims of Patent I as issued. Plaintiffs assert that by reason of two side plates on Defendant's shopping carts that the sides of the baskets are in fact attached to an upright standard. But, under the evidence, the Court finds and concludes that this is not so. In short, Plaintiffs' Patent I covers a shopping cart where the basket is attached at its side to an upright standard. The patent does not cover a shopping cart with a basket which is attached from beneath rather than from the side. The baskets of Defendant's shopping carts are not attached to the side of an upright standard but the same are attached and supported from beneath the basket. The side plates above mentioned do not serve as side attachments between basket and upright standard nor do they support the basket. They serve an entirely different function with reference to Defendant's baskets, that of preventing lateral movement of the basket.[4]

4. Plaintiffs' argument for a broad interpretation of the claims of Patent I so as to cover Defendant's shopping carts in which the bottom of the basket is attached to a lateral extension from the upright standard cannot be sustained. This is necessarily so not only because of the limitations of said claims as revealed by the prosecution history thereof in the Patent Office but such broad interpretation of the claims would render the same invalid in view of applicable prior art patents. This, of course, was why the Patent Office twice rejected Plaintiffs' claims embodying such broad interpretation now urged upon the Court.

The Court therefore finds and concludes that the Defendant's shopping carts do not directly infringe upon Plaintiffs' Patent I. This being so and as Defendant does not manufacture or sell counters there can be no contributory infringement, *Aro Mfg. Co.* v. *Convertible Top Replacement Co.*, 365 U. S. 336, 341, 81 S. Ct. 599, 5 L. Ed. 2d 592 (1961) or actively induced infringement, *Nordberg Mfg. Co.* v. *Jackson Vibrators, Inc.*, 153 USPQ 777, 783 (DC ND Ill. 1967), for the reason that such types of infringement first requires a direct infringement. It is unnecessary to treat with the other defenses raised by Defendant. Plaintiffs are not entitled to the desired injunction nor to an accounting for damages.

The Court does not deem this case to be an exceptional one within the meaning of 35 U. S. C. § 285. Therefore, in the Court's discretion, Defendant's request for attorneys' fees is denied. *Uniflow Mfg. Co.* v. *King-Seeley Thermos Co.*, 428 F. 2d 335 (C. A. Mich. 1970); cert. denied 91 S. Ct. 245, 400 U. S. 943, 27 L. Ed. 2d 248.

Counsel for Defendant will prepare an appropriate judgment based on this Memorandum Opinion, submit the same to opposing counsel and then to the Court for signature and entry herein.

Dated this 17th day of April, 1972.

APPENDIX VI

AMENDED JUDGMENT ORDER, DISTRICT COURT, WESTERN DISTRICT OF OKLAHOMA, SEPT. 14, 1972

IN THE UNITED STATES DISTRICT COURT
For the Western District of Oklahoma

RUSSELL K. SWANSON and ROBLIN INDUSTRIES, INC., *Plaintiffs,*
vs.
UNARCO INDUSTRIES, INC., *Defendant.*
} Case No. 70-530 Civil

AMENDED JUDGMENT ORDER
(Filed September 14, 1972)

This matter has come before the Court upon the Amended Complaint of Plaintiffs, based upon charges of infringement under 35 U. S. C. § 271 of U. S. Patents 3,052,319 and 3,517,-773, and the Amended Answer of Defendant. The charges against Defendant were: (a) direct infringement of Claims 1, 2 and 7 of Patent 3,052,319; (b) contributory infringement of Claims 3-5 of Patent 3,052,319 and all Claims of Patent 3,517,773; and (c) actively inducing others to infringe Claims 3-5 of Patent 3,052,319 and all Claims of Patent 3,517,773. The Defendant raised a number of defenses, one of which is denial of the charges of infringement. Trial of the issues proceeded on February 1-4, 1972 with the Court, *inter alia,* hearing oral testimony of witnesses including expert witnesses, and the

Court filed its Memorandum Opinion on April 17, 1972. In view of the foregoing, it is hereby ORDERED, ADJUDGED AND DECREED as follows:

1. The Court has jurisdiction of the parties and the subject matter of the Amended Complaint.

2. There has been no direct infringement, contributory infringement, or active inducement of infringement of either Patents 3,052,319 or 3,517,773 by Defendant.

3. In view of the findings and conclusions on the issues of infringement, the Court does not treat with the other defenses raised by Defendant in its Amended Answer.

4. The action is dismissed with prejudice.

5. The Defendant's request for attorneys' fees is denied.

6. Costs shall be allowed to Defendant as the prevailing party.

Dated this 14 day of September, 1972.

APPENDIX VII

NOTICE OF APPEAL, FILED JUNE 19, 1972

IN THE UNITED STATES DISTRICT COURT
For the Western District of Oklahoma

RUSSELL K. SWANSON and ROBLIN INDUSTRIES, INC., *Plaintiffs,*
vs.
UNARCO INDUSTRIES, INC., *Defendant.*
} Case No. 70-530 Civil

NOTICE OF APPEAL
(Filed June 19, 1972)

Notice is hereby given that Russell K. Swanson and Roblin Industries, Inc., plaintiffs above named, hereby appeal to the United States Court of Appeals for the Tenth Circuit from that portion of the judgment order entered in this action on May 22, 1972 holding that there has been no direct or contributory infringement of Patent No. 3,052,319 by defendant.

APPENDIX VIII.

CONSTITUTIONAL PROVISIONS, STATUTES AND RULES INVOLVED.

United States Constitution, Art. I, § 8, Cl. 8 (1787):

The Congress shall have Power * * *To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;

United States Constitution, Amendment V:

"No person shall . . . be deprived of . . . property, without due process of law; . . ."

United States Code, Title 35:

TITLE 35, § 112. SPECIFICATION

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

* * * * *

United States Code, Title 28:

TITLE 28, SECTION 1254. COURTS OF APPEALS; CERTIORARI; APPEAL; CERTIFIED QUESTIONS.

Cases in the courts of appeals may be reviewed by the Supreme Court by the following methods:

(1) By writ of certiorari granted upon the petition of any party to any civil or criminal case, before or after rendition of judgment or decree;

FEDERAL RULES OF APPELLATE PROCEDURE, RULE 3(c):

(c) Context of the Notice of Appeal.

The notice of appeal . . . shall designate the judgment, order or part thereof appealed from;

* * * * *

RULES OF THE SUPREME COURT OF THE UNITED STATES.

PART V. JURISDICTION ON WRIT OF CERTIORARI.

19.

CONSIDERATIONS GOVERNING REVIEW ON CERTIORARI.

1. (b) Where a court of appeals . . . has decided a federal question in a way in conflict with applicable decisions of this court;

or has so far departed from the accepted and usual course of judicial proceedings . . . as to call for an exercise of this court's power of supervision.

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In the Supreme Court of the United States

OCTOBER TERM, 1973

No. 73-496

UNARCO INDUSTRIES, INC.,
Petitioner,

VS.

RUSSELL K. SWANSON and ROBLIN INDUSTRIES, INC.,
Respondents.

BRIEF FOR RESPONDENTS IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

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I

OPINIONS BELOW

The Opinion and Order of the Court of Appeals for the Tenth Circuit, of which review is sought by the Petitioner, is found at pages A 1-A 12 of Appendix I to the Petition and is officially reported at 479 F.2d 664. Two petitions for rehearing before the Court of Appeals were denied by Orders set forth at pages A 13 and A 14-A 15 of Appendix II and Appendix III to the Petition, respectively.

The memorandum opinion of Judge Daugherty of the United States District Court for the Western District of

Oklahoma is reported officially at 356 F.Supp. 332 and appears at pages A 17-A 21 of Appendix V to the Petition. The Amended Judgment Order entered by the District Court pursuant to said opinion, which was reversed by the Court of Appeals, appears at pages A 22-A 23 of Appendix VI to the Petition.

II

JURISDICTION

The jurisdictional requisites are adequately stated in the Petition.

III

QUESTIONS PRESENTED

Petitioner does not seek to have the decision of the Tenth Circuit reviewed by this Court for the purpose of contesting the holding by the Court of Appeals that Swanson Patent No. 3,052,319 is valid. Rather, Petitioner urges that the Court of Appeals erred or somehow exceeded its jurisdiction in even considering the question of the validity of the patent, and that its decision expressly holding the patent valid, requires review by this Court, under the provisions of Rule 19(1) (b) as being one allegedly so far departing from the accepted and usual course of judicial proceedings as to call for an exercise of the power of supervision of the Supreme Court. Petitioner also urges, as a further reason for granting its petition, that the Court of Appeals allegedly did not follow the criteria laid down by prior decisions of this Court in interpreting the file history documents to construe and apply the claims of Swanson Patent No. 3,052,319 and reach the conclusion that the accused devices made and sold by Petitioner infringe the patent.

The questions presented are, therefore:

(1) Did the Court of Appeals have authority to consider and rule upon the validity of a patent before it, when the Court of Appeals had found that the District Court's conclusions regarding the interpretation of the patent claims were clearly erroneous and required reversal; when the issue of validity had been fully tried before but not formally ruled upon by the District Court; and when all of the evidence relating to the matter of validity was before the Court of Appeals—or was such consideration and ruling a departure from the accepted and usual course of judicial proceedings such as to call for an exercise of this Court's supervisory power; and

(2) Was the detailed consideration by the Court of Appeals of the documents constituting the file wrapper of the history of prosecution of Swanson Patent No. 3,052,319 and the effect thereof upon the interpretation of the claims of the patent, proper and consistent with the decisions of this Court—or did such consideration violate the standards of this Court as set down in *Graham* v. *John Deere Co.*, 383 U.S. 1 (1966) and other cases cited by Petitioner at page 3 of the Petition?

IV

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

While Respondents would agree that this case, which relates to patent infringement, broadly involves the patent clause of the Constitution of the United States, Article I, Section 8 (Petitioner's Appendix VIII, page A 25), it is difficult to perceive that, under the facts of the case, it could be fairly said that the due process clause of the Constitution is involved in any way. For that matter,

while this case is a patent case and, therefore, necessarily falls generally under the patent clause of the Constitution and also broadly involves the Patent Act of 1952 (U.S. Code, Title 35), Respondents do not believe that the questions presented to this Court by the Petition truly involve the interpretation of any Constitutional provision or any Federal statute, treaty or ordinance.

V

STATEMENT OF THE CASE

The questions presented to this Court are of a nature relating to procedural aspects of the decisions below and the relevant standards applied by the lower Courts, particularly the Court of Appeals. Accordingly, a detailed factual statement of the case is not believed necessary except perhaps as general background in those areas relevant to a determination of the exact questions before this Court and, to that extent, Respondents would supplement and clarify the "Statement of the Case" presented by Petitioner in the following respects.

The only patent involved at this stage of the proceedings is No. 3,052,319 issued to Mr. Russell K. Swanson on September 4, 1962 and entitled "Cantilever Shopping Cart and Counter Assembly". A complete copy thereof will be found in the printed record on appeal which is before this Court (PX 1, R. 1e). Defendant-Petitioner was charged *inter alia* with direct infringement of Claims 1, 2 and 7 of said patent by virtue of its manufacture and sale of shopping carts which had been copied from carts made under the patent by the plaintiff Roblin pursuant to a license from plaintiff Swanson.

The District Court, in a decision predicated primarily upon an erroneous interpretation of the documentary file

history of the patent, concluded that the claims of the patent should be narrowly construed and that, based upon such construction, Claims 1, 2 and 7 were not infringed by the defendant's carts. Judgment was entered dismissing the action.

The judgment of the District Court as to Patent No. 3,052,319 was duly appealed by Respondents to the United States Court of Appeals for the Tenth Circuit (App. VII, page A 24). In a detailed opinion (App. I, p. A 1-A 12), and based upon its own extensive analysis of the documents constituting the file history, the Court of Appeals found that the District Court clearly erred in not applying the correct legal standards in its construction, interpretation and application of the claims of the Swanson patent and in finding no infringement (App. I, p. A 9). Accordingly, the Court of Appeals held the patent to be infringed and, based upon the record before it, which set out the evidence of both parties relating to the validity of the patent, as well as arguments made to the Court of Appeals with respect to validity, determined that the Swanson patent was valid (App. I, pp. A 10, A 11).

What Petitioner now attacks, in effect, as allegedly constituting error by the Court of Appeals, is, initially, its assumption of authority to rule upon the question of validity and secondly, the particulars of its conclusion and interpretation of the documents constituting the file history of the patent.

VI

ARGUMENT

A. As to Petitioner's Question 1.

The question of the validity of Swanson Patent No. 3,052,319 was fully litigated in the District Court and Defendant there (Petitioner here) was given every opportunity to, and in fact did, present all available evidence with respect thereto. This was by documentary evidence in the form of prior art patents (DX 60, R. 121e, DX 61, R. 125e, DX 62, R. 129e, DX 63, R. 134e and DX 4, R. 78e), and by opinion testimony of Defendant's expert witness Pigott on direct examination (R. 279, 280) and on cross examination (R. 200-293). The prior art patents, four of which had been cited and considered by the Patent Office, were all that were relied upon by Defendant to establish invalidity of the Swanson patent (R. 285). These patents, as well as all of the relevant opinions expressed by Defendant's expert witness relating to the effect thereof on the validity of the Swanson patent were all in the record before the Court of Appeals. In fact, Defendant even argued to the Court of Appeals matters with respect to validity of the Swanson patent, such argument being expressly noted by the Court of Appeals in its opinion (App. I, page A 11).

Based upon the record the record before it, the Court of Appeals reached the conclusion that: "319 was not only a valid patent, it was also a pioneer or primary patent, and as such, it must be given a broad and liberal construction . . ." (App. I, page A 10). This holding was obviously made in the interests of judicial economy, convenience and fairness and to avoid further error by the District Court, particularly in view of the footnote comment of the Dis-

trict Court (App. V, page A 20) indicating an erroneous predisposition to hold the claims of the patent invalid if interpreted broadly enough to be infringed.

The Court of Appeals clearly had the authority and jurisdiction to rule upon the validity of a patent brought before it and was, in fact, following the "better practice" in doing so pursuant to the express admonition set down by this Court for the guidance of the lower Courts in such situations.

In the case of *Sinclair & Carroll Company* v. *International Corporation*, 325 U.S. 327, 330 (1945), this Court admonished the lower Courts that, in litigation involving patents, the case should preferably not be decided on the infringement issue alone without also going into the more important question of the validity of the patent.

The admonition of this Court in the *Sinclair* case *supra*, has been recognized by the various Courts of Appeal in a number of subsequent cases, and it appears to have now become accepted standard practice for an appellate Court, as did the Tenth Circuit Court of Appeals in the present case, to pass upon the validity of a patent before it in the interests of judicial economy, convenience and fairness whenever the issue has been tried and the relevant record is before it, even though the District Court may have ruled only upon the question of infringement.

See for instance: *Royal-McBee Corporation* v. *Smith-Corona Marchant, Inc.*, 295 F.2d 1, 3 (2nd Circ. 1961) where validity was challenged for the first time on appeal, the Court holding the patent valid, citing *Sinclair supra*, and stating: ". . . when, as here, the alleged prior art is in the record, and the defendant attacks the patent on appeal, we believe it best to decide first whether the evidence in the record supports the claim that the patent is invalid". Similarly, in *M.O.S. Corporation* v. *John L. Haas Co., Inc.*,

375 F.2d 614, 616, 617 (9th Circ. 1967), where the District Court had found the patent not infringed but did not pass on the issue of validity, the appellate Court, recognizing the admonition of the *Sinclair* case *supra* as not to be lightly disregarded, stated: "The Supreme Court, however, has announced certain policies applicable to patent litigation that convince us that we should consider the validity of the patent in this case, even though the trial court did not pass upon the question, confining itself to a holding that there was no infringement. . . . if the issue was litigated in the trial court, and if the record presented is such as to permit decision, the Court of Appeals can, and, at least where the answer seems clear, should decide the issue."

The question of validity of the claims of the patent is properly before an appellate Court in a patent infringement case, even if not made the express subject of an appeal. *The Maytag Company* v. *The Murray Corporation of America*, 318 F.2d 79, 80 (6th Circ. 1963). An appeal from a decision dismissing a suit brings "the whole record up and all questions going to the correctness of the judgment are properly before us . . . This is particularly true of appeals in patent cases (citing *Sinclair, supra*), since in such cases, of the two questions, validity and infringement, validity has the greater public importance." *The Guiberson Corporation* v. *Equipment Engineers Inc.*, 252 F.2d 431, 432, 433 (5th Circ. 1958). Also see: *Bede* v. *Baker & English Inc.*, 274 F.2d 833, 835 (6th Circ. 1960). Indeed, the appellate Courts have, especially since *Sinclair supra*, normally considered it their duty to consider the question of validity, even though not ruled upon below. *Pennington Engineering Co.* v. *Spicer Mfg. Corporation*, 165 F.2d 59, 61 (6th Circ. 1947).

Even prior to *Sinclair*, and the confirmation therein of the duty of an appellate Court to consider the question

of validity, the well reasoned weight of appellate authority recognized the obligation, where all the evidence was before it, as in the present case, to inquire into the validity of the patent involved in the appeal. See: *Merco Nordstrom Valve Co.* v. *W. M. Acker Organization,* 131 F.2d 277 (6th Circ. 1942); *Marchus* v. *Druge,* 136 F.2d 602, 608 (9th Circ. 1943), cert. den. 320 U.S. 772 and cases cited therein; and *Herman Body Co.* v. *St. Louis Body and Equipment Co.,* 46 F.2d 879 (8th Circ. 1931).

Thus, the Court of Appeals for the Tenth Circuit proceeded, in the present case, in full accord with well established precedent and, indeed, pursuant to the admonition of this Court, that it is the better practice to consider the validity of the patent in issue whenever the record will permit. Such consideration was clearly proper in the present case, as it was based upon a full record relating to the issue of validity, which was primarily documentary and presented no questions of credibility. Further, it should be clear that, as a practical matter, once the Court of Appeals had determined that the patent was infringed, if valid, it then became necessary for the issue of validity to be resolved. Thus, in the face of the District Court's footnote indicating a clear predisposition to further error in that regard, in view of the interest of the public as well as the litigants in having the question of validity of the patent decided without unnecessary delay, and in further view of this Court's admonition in *Sinclair* and considerations of judicial economy, it manifestly was proper and appropriate that the Court of Appeals consider and rule upon the validity question, as it did.

The Court of Appeals did not, therefore, exceed its jurisdiction or authority in considering and ruling upon the validity of the patent, but rather decided the case in full conformity with precedent, the practice in other cir-

cuits and the policy announced by this Court in *Sinclair*. Since the determination that the Swanson patent was valid was made by the Court of Appeals with the full, relevant record before it, and as the matter of validity was even discussed by Petitioner in its argument before the Court of Appeals, there is clearly no basis for Petitioner's contention that it was denied "due process" under the law. Since the procedure followed by the Tenth Circuit Court of Appeals plainly does not constitute a departure from the accepted and usual course of judicial proceeding, but rather is in full conformity with established precedent and practice, there would appear to be no basis for granting of the Petition for review sought by Petitioner upon "Question 1" as set forth in the Petition.

B. As to Petitioner's Question 2.

As to the reasons put forward by Petitioner for seeking review under "Question 2" (Pet. pages 10-15), it is readily apparent therefrom that the Petitioner merely seeks another detailed review of the file history of the Swanson patent, a document which speaks for itself and which was fully and properly considered and interpreted by the Court of Appeals. Indeed, the Court of Appeals plainly followed this Court's approach to determining the proper scope of patent claims, as set down in the case of *Graham* v. *John Deere Co.*, 383 U.S. 1 (1966), for the Court of Appeals commenced its decision with the statement, "A review of the file wrapper will facilitate consideration of this case" (App. I, page A 2), and then proceeded to the task of construing and interpreting the nature and scope of the invention of the patent with detailed reference to the claims of the patent, the file wrapper, including the rejected claims, and the state of the prior art, all as required by *Graham, supra* (See: App. I, pages A 2-A 5, A 8-A 11).

The file history of the Swanson patent is a documentary exhibit in its entirety (DX 56, R. 82e-120e) and was before the Court of Appeals *in toto*, as were all of the prior art references cited by the Patent Office during the prosecution of the application (DX 60, R. 121e, DX 61, R. 125e, DX 62, R. 129e, DX 63, R. 134e, DX 70, R. 139e, DX 71, R. 147e, DX 72, R. 155e, DX 73, R. 158e).

The Court of Appeals was in as good a position as the trial judge to determine the contents and proper effect of these documentary exhibits for the candor and credibility of witnesses was not involved. In such cases, when the reviewing Court is left with the definite and firm conviction that a mistake has been committed, the finding of the Trial Court may, and must, be reversed as clearly erroneous. See: *United States of America* v. *United States Gypsum Company*, 333 U.S. 364, 395 (1948). The burden of showing a finding or conclusion of a Trial Court to be clearly erroneous is much lighter when it is based on the interpretation of the legal effect of documentary evidence. *Galena Oaks Corporation* v. *Scofield*, 218 F.2d 217, 219 (5th Circ. 1954).

Thus, we see that, in the present case, all of the "file wrapper factors" to be considered by an appellate Court under the principles stated in *Graham* v. *Deere*, *supra* were in documents before the Court of Appeals, and as fully available for consideration and interpretation by it as by the Trial Court. The decision of the Court of Appeals makes it abundantly clear that each of the specified principles of file wrapper construction was fully considered and applied to the detailed documentary evidence before it and, therefore, there is no need for this Court to further consider the matter for its standards have been fully and properly followed.

VII

CONCLUSION

For the reasons set forth above, the Petition for Writ of Certiorari should be denied.

Respectfully submitted,

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